

Request for Proposal (RFP) Number 2008-SMAC-001
Alabama Medicaid Agency
State Maximum Allowable Cost (SMAC) RFP
Question and Response

Question(s) received 2/1/08-2/11/08:

Q: Is the SMAC proposal contract currently held by a vendor? Or is this a new program?

A: Although the Alabama Medicaid Agency currently has a SMAC program, it is administered internally. The SMAC RFP listed on our website is a new concept for the Agency that would replace the current program.

Q: Does the Agency currently determine SMAC rates internally? If not, who is the current contractor performing these services?

A: The Agency currently determines SMAC internally through a logic set with First Data Bank (FDB).

Q: Can the state make available the current SMAC list and rates?

A: The most current SMAC list can be found on our website at the link http://www.medicaid.alabama.gov/documents/program-RX/Drug_Info/3J-3e_MAC.List_8-2006.pdf. The Agency does not currently have a SMAC list with rates.

Q: Page 8, Project Schedule/Deliverables indicates implementation should be completed by April 1, 2008. However, in the first paragraph on page 7 it indicates that the implementation date is June 1, 2008. Please clarify the program implementation deadline.

A: The goal implementation date of the program is June 1, 2008. The verbiage on page 8 of the RFP will be corrected as soon as possible, but no later than noon (Central time) 2/12/08.

Q: Some of the Task 1 deliverables in Section III on page 9 are due before the expected contract award date of 4/4/08 (page 3). Please clarify when Task I deliverables are due.

A: Please note that the schedule on page 9 of the RFP is a sample schedule (as noted on the bottom of page 8). The Vendor proposal must include an outline proposed schedule for a June 1, 2008 implementation date.

Q: Please describe the Agency's annual cost savings objectives for the SMAC program.

A: The Agency objective of the new SMAC program is to determine the appropriate cost of product to use as a basis for pharmacy reimbursement, while

remaining with the aggregate limits set under Federal Upper Limits and CMS guidelines. No annual cost savings can be determined at this time.

Q: Appendix A, Proposal Compliance Checklist – On the list of basic proposal requirements, item #9 regarding the physician upper payment limit appears out of place with the SMAC procurement. Please confirm if bidders should include a response to this requirement in their proposal?

A: Item #9 in Appendix A Proposal Compliance Checklist (page 21 of the RFP) should read as the following:

“9. The Proposal includes a detailed description of the plan to design, implement, monitor, and address special situations related to a new SMAC program as outlined in the request for proposal.”

The above verbiage will be corrected on the website version of the RFP as soon as possible, but no later than noon (Central time) 2/12/08.

Question(s) received 2/12/08:

Q: Please elaborate on the expectations for the "development of a retrospective routine reporting mechanism," which is listed as a Vendor responsibility under III Scope of Work on page 8. Additionally, can you please describe if and how this relates to the dates of "6/7/08, 6/15/08, 7/1/08, and monthly thereafter" as listed under Task 3 Detailed Reports to Agency on page 9? Can you also tell us what reports are expected on each of those dates?

A: The Agency expects the Vendor to develop a series of reports to allow the Agency to retrospectively see the work being conducted during the SMAC implementation process, as well as during the maintenance phase. The Agency anticipates fields such as #/% of pharmacy/wholesaler reporting, #/% of drugs reported, median drug prices, high/low prices, single source/multi source drugs, etc., to be valuable during a retrospective review of the Agency; however, the Agency also would like the Vendor to propose a reporting mechanism that would be useful both during the implementation phase as well as the maintenance phase of the project. In addition, the Agency would like to see how the implementation and maintenance of this program compares in aggregate to the current FUL. As the RFP calls for a Vendor with expertise in the SMAC area, the Agency intends for the Vendor to have a clear idea of what type of reporting is needed, and to offer that reporting in the RFP response.

In relation to the sample Task Outline on page 9, please note that this is a sample schedule (as noted on the bottom of page 8). The intent is to have all detailed reports (as proposed by the Vendor) to the Agency on a biweekly basis during the implementation phase of the project, and monthly thereafter; however, the Agency would like the Vendor to propose an appropriate reporting schedule.

Q: RFP Section II, Scope of Work, page 8: Many providers hesitate to disclose their invoice pricing. This type of process also markedly increases FTEs to accurately survey and average invoice prices and, unless you use the highest cost for each drug group to accommodate the smaller independent providers, it is still an estimate. Would a proposal that includes a proven process for determining appropriate SMAC that does not require the collection of invoice and pharmacy data be acceptable?

A: According to Rule No. 560-X-16-.02, Requirements for Participation, (5) "Pharmacy providers must agree to keep records...to fully disclose extent of services rendered....At a minimum the following records and/or documentation must be available for examination: 1) prescription files and 2) invoices." Therefore, the Agency has the authority to examine the invoices of any Alabama Medicaid pharmacy provider. This Rule information can be found on our website at www.medicaid.alabama.gov under Resources/Administrative Code/Chapter 16 Pharmacy Services. The Vendor may offer additional alternative proven concepts, as the Agency would gladly accept and review a proven process for determining appropriate SMAC program, however our concept is currently based on pharmacy invoice pricing.

Question(s) received 2/13/08:

Q: What pricing methodology does the Agency use in developing SMAC rates; i.e., how are they currently determined?

A: Detailed information will be given to the Vendor upon contract award.

Q: Section VI, Corporate Background and References on page 10 of the RFP requires that the Vendor must provide a detailed breakdown of its proposed staffing for this project, including names, education background, sex, and race of all employees that will be assigned to this project. Our staffing descriptions include the colleague's name, educational background, and relevant experience, but not gender or race. Is the State willing to accept an affirmation that the bidder is an equal opportunity employer?

A: The Vendor proposal should supply the information requested in the RFP. The affirmation that the Vendor is an equal opportunity employer does not comply with the requirements of the RFP.

Question(s) received 2/14/08:

There were no questions received on 2/14/08.

Question(s) received 2/15/08:

There were no questions received on 2/15/08.